

Joshua M. Sasaki, P.C., OSB No. 964182  
[josh.sasaki@millernash.com](mailto:josh.sasaki@millernash.com)  
MILLER NASH GRAHAM & DUNN LLP  
3400 U.S. Bancorp Tower, 111 S.W. Fifth Ave  
Portland, OR 97204  
Telephone: 503.224.5858  
Facsimile: 503.224.0155

Benjamin G. Shatz (pro hac vice)  
[bshatz@manatt.com](mailto:bshatz@manatt.com)  
Christine M. Reilly (pro hac vice)  
[creilly@manatt.com](mailto:creilly@manatt.com)  
John W. McGuinness (pro hac vice)  
[jmcguinness@manatt.com](mailto:jmcguinness@manatt.com)  
MANATT, PHELPS & PHILLIPS, LLP  
2049 Century Park East, Suite 1700  
Los Angeles, California 90067  
Telephone: 310.312.4000  
Facsimile: 310.312.4224

Attorneys for Defendant  
ViSalus, Inc.

UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON  
PORTLAND DIVISION

LORI WAKEFIELD, individually and on  
behalf of all others similarly situated,

Plaintiff,

vs.

VISALUS, INC., a Nevada corporation,

Defendant.

No. CV No. 3:15-cv-01857-SI

**DECLARATION OF BLAKE MALLIN IN  
SUPPORT OF DEFENDANT'S MOTION  
TO STAY EXECUTION OF JUDGMENT  
PENDING APPEAL AND FOR RELIEF  
FROM BONDING**

**DECLARATION OF BLAKE MALLEN**

I, Blake Mallen, pursuant to 28 U.S.C. § 1746, hereby declare as follows:

1. I am a Cofounder of Defendant ViSalus, Inc. I am over the age of 18 and fully competent to provide this declaration. This declaration is based upon my personal knowledge, except where expressly noted otherwise.

2. ViSalus is a small direct sales company that sells nutritional supplements and weight loss products, founded by three individuals.

3. As of September 2020, ViSalus has two employees in the United States, neither of whom is paid, and seven in Europe.

4. ViSalus has suffered significant net income losses for years. Specifically, ViSalus suffered a net income loss of \$5,316,000 for FY 2017, a net income loss of \$10,782,000 for FY 2018, and a net income loss of \$1,751,561 for FY 2019. The most significant losses were from the U.S. operations.

5. As of September 2020, ViSalus has little to no in assets and over \$56,552,989 in outstanding debt, including over \$20,828,256 in outstanding domestic and foreign taxes.

6. ViSalus owes \$4,431,811 to the company's Founders for deferred salaries, commissions, and expenses. The company's Founders have been deferring salary and/or commissions since 2014 in order to alleviate the company's financial duress and keep the company afloat. ViSalus' founders and directors dramatically reduced their incomes in 2014 and 2015, and have taken zero dollars in employee salary since 2016. There is no bonus plan for employees and no 401(k)-company match. The Founders have continued to invest/loan the company over \$9,000,000 over the last several years in an effort to help the company return to profitability, but are no longer in a position to continue funding the company.

7. ViSalus' demand for insurance coverage for this litigation was denied by its insurance carrier.

8. ViSalus has been able to remain in business through a combination of (a) drastically reducing the size of our employee workforce and overhead expenses, (b) short-term funding from its Founders and other investors, (c) deferring compensation and interest payments to Founders and executives, and (d) deferring payments to vendors and other payables.

9. The Covid-19 Pandemic, like for many other companies, has had significant negative impacts on both the manufacturing of ViSalus' products and the company's primary "person to person" direct sales strategy. As a result of production delays in the global supply chain affecting both manufacturing and packaging, ViSalus has lost significant customer base and promoter base.

10. Nonetheless, the company's operations continues to be a going concern, and ViSalus remains committed to serving its customers and promoters and remains hopeful that the company will be able to return to profitability once this litigation has concluded.

11. ViSalus is in no position financially to post any meaningful bond. ViSalus has investigated the possibility of posting a bond by contacting multiple surety companies. These companies, understandably, said that they would only write such a bond if it was fully collateralized against an equal amount of cash or cash equivalents or secured by a letter of credit from an acceptable bank. But ViSalus does not have sufficient cash or cash equivalents sufficient to collateralize such a bond, nor does have any available collateral that it can use to secure a letter of credit from either its existing lender or a new lender. In short, ViSalus does not have the financial ability to post a bond.

12. Execution measures would almost certainly force ViSalus to declare bankruptcy, impacting not just the company but also its loyal customers and promoters. This impact would hit ViSalus' promoters particularly hard, because they rely on ViSalus' continued operation to maintain their small businesses.

I declare, under penalty of perjury under the laws of the United States of America, that the foregoing is true and correct to the best of my knowledge. Executed on the 11th of September, 2020, in Los Angeles, California.

*s/Blake Mallen*  
President of ViSalus, Inc.